Manitoba

Annual Report
2000 - 2001

Finance

Includes 10% post-consumer waste

102-00154/

Minister of Finance

Room 103
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

To His Honour
Peter Liba
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2001.

Respectfully submitted,

Honourable Greg Selinger
Minister of Finance

2001
International Year of Volunteers

Manitoba

Minister of
Finance

Room 103
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

À son Honneur
L'honorable Peter Liba
Lieutenant-gouverneur du Manitoba

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2001.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger

2001
Année internationale des Volontaires

Manitoba

Manitoba

Deputy Minister of Finance

Room 109
Legislative Building
Winnipeg, MB R3C 0V8

Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2001.

Respectfully submitted,

J. Patrick Gannon
Deputy Minister of Finance

2001
International Year of Volunteers

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PREFACE/PRÉFACE

The overall responsibilities of the Minister and the department include:

preparing the annual Provincial Budget;

management and control of government expenditures and revenues and the evaluation of government programs;

providing policy direction on matters relating to financial management and administration and ensuring appropriate government-wide management practices and systems;

ensuring accountability for the delivery of government programs;

management and administration of the Consolidated Fund, which includes maintaining the provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;

managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;

analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;

advising on fiscal and other economic policies and measures including taxation;

advising on policies relating to Federal-Provincial fiscal and economic relations;

representing the province in negotiations and participating in meetings related to finance, taxation and economic development;

managing the province's financial assets and liabilities;

insuring government assets and managing risk; and

providing direction to government for the appropriate and effective use of information technology systems.

Les responsabilités globales du ministre et du ministère consistent à :

préparer le budget annuel provincial;

gérer et contrôler les dépenses et les recettes du gouvernement et évaluer les programmes gouvernementaux;

établir des directives en matière de gestion et d'administration financière et garantir des pratiques et des mécanismes de gestion appropriés pour l'ensemble du gouvernement;

garantir l'obligation de rendre compte en ce qui concerne la mise en œuvre des programmes gouvernementaux;

gérer et administrer le Trésor, ce qui signifie notamment : maintenir les systèmes de comptabilité et de rapport de la province, préparer les comptes publics annuels et les autres rapports qui montrent la situation financière du gouvernement;

gérer les besoins quotidiens de trésorerie, la dette publique, l'investissement de l'argent public, ainsi que les prêts, les avances et les garanties offerts par le gouvernement;

analyser et évaluer la situation économique et les perspectives du Manitoba en collaboration avec les autres ministères, lorsqu'il y a lieu;

donner des conseils sur les politiques et mesures fiscales et économiques, y compris les taxes;

donner des conseils sur les politiques concernant les relations fiscales et économiques entre le fédéral et la province;

représenter la province lors des négociations et participer aux réunions portant sur les finances, les taxes et le développement économique;

gérer l'actif et le passif de la province;

garantir l'actif du gouvernement et gérer les risques;

donner une direction au gouvernement en ce qui concerne l'usage efficace et approprié des systèmes de technologies de l'information.

Through it's efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

The departmental organization structure appears in the chart on page 15. The department is comprised of five operating divisions, as well as the French Language Services Secretariat, the Treasury Board Secretariat and the Office of Information Technology.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. The Executive Support area of the division includes the Deputy Minister of Finance and provides advice to the Minister on all policy and program matters related to the department. Executive Support also coordinates and administers the activities of the department to meet the policy objectives of government.

The division also coordinates the department's financial, administrative and human resource functions and includes the Tax Appeal Commission and the Insurance and Risk Management Branch. The Insurance and Risk Management Branch provides centralized insurance and risk management services to government departments and agencies, including most Crown corporations.

The French Language Services (FLS) Secretariat advises the government, and the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS policy in general.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division also assists in the financing of municipalities, schools and hospitals and ensures that such financing is arranged.

Grâce à ses efforts, le ministère gère les risques stratégiques, financiers et d'exploitation au niveau de l'organisation, de façon à obtenir le meilleur rendement possible des dépenses effectuées par le gouvernement et des revenus qu'il possède et perçoit.

La structure de l'organisation du ministère est représentée dans un graphique en page 15. Le ministère est constitué de cinq divisions opérationnelles, auxquelles il faut ajouter le Secrétariat des services en langue française, le Secrétariat du Conseil du Trésor et le Bureau des technologies de l'information.

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Le cabinet du ministre et le bureau du sous-ministre conseillent le ministre sur toutes les politiques et tous les programmes liés au ministère. De plus, le cabinet du ministre et le bureau du sous-ministre coordonnent et administrent les activités mises en œuvre par le ministère afin d'atteindre les objectifs du gouvernement en matière de politiques.

La Division gère les ressources humaines du ministère et coordonne ses fonctions financières et administratives. Elle regroupe aussi la Commission d'appel des impôts et des taxes ainsi que la Direction de l'assurance et de la gestion des risques. Cette dernière fournit des services centralisés d'assurance et de gestion des risques aux organismes et ministères gouvernementaux, y compris la plupart des sociétés de la Couronne.

Le Secrétariat des services en langue française (SLF) conseille le gouvernement, en particulier le ministre responsable des services en langue française, au sujet de l'élaboration et de la mise en œuvre des services gouvernementaux en français, ainsi que sur toutes les questions liées à la politique des services en langue française en général.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère et administre également les programmes d'emprunt et les investissements des sociétés de la Couronne et des organismes gouvernementaux. La Division de la trésorerie participe au financement des municipalités, des écoles et des hôpitaux, et elle s'assure que les modalités de ce financement sont déterminées.

The Comptroller Division is responsible for establishing and fostering a corporate comptrollership function across government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements.

The Taxation Division is responsible for efficiently and effectively administering the Provincial Taxation Acts and ensuring proper revenues are collected as provided in the Acts. This includes the administration, collection, processing and reporting of taxation revenues, as well as the provision of tax expertise to government, businesses collecting taxes and taxpayers. The division also investigates and audits taxpayers to ensure compliance.

The Federal-Provincial Relations and Research Division provides research and technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations. The division also administers fiscal arrangements and tax collection agreements with the federal government, administers tax credit programs with the federal government and municipalities, and provides government-wide analytical support to inter-departmental working groups.

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities and provides representation of government and department management in all labour relations and compensation activities within the civil service. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The Office of Information Technology is responsible for overseeing the strategic use of information technology resources within government for the benefit of improved operations and better service delivery for the citizens of Manitoba.

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management

La Division du contrôleur est chargée d'établir et de développer une fonction de contrôle pour l'ensemble du gouvernement. Celle-ci inclut l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui apportent un soutien en ce qui concerne la prise de décision aux niveaux législatif et gouvernemental, l'efficacité de la prestation des services et les exigences liées à l'obligation de rendre compte. La Division est chargée d'établir et de contrôler les systèmes de débours pour payer les employés et les autres prestataires des fonds gouvernementaux.

La Division des taxes est chargée de mettre en application de façon complète et efficace des lois provinciales sur les taxes et les impôts, et de faire en sorte que les recettes prévues soient perçues conformément aux dispositions des lois. Cela inclut l'administration, la perception, le traitement et la communication des recettes fiscales, ainsi que des conseils prodigués au gouvernement, aux entreprises qui perçoivent des taxes et aux contribuables. La Division effectue aussi des enquêtes et des vérifications auprès des contribuables pour s'assurer que les lois fiscales sont bien respectées.

La Division des relations fédérales-provinciales et de la recherche apporte une aide en terme de recherche, de technique et d'analyse sur les questions économiques et fiscales (tant nationales que provinciales) et sur les relations intergouvernementales de nature financière. La Division veille à l'application des arrangements fiscaux et des ententes de perception fiscale avec le gouvernement fédéral. Elle administre les programmes de crédits d'impôts avec le gouvernement fédéral et les municipalités. Elle aide aussi les groupes de travail interministériels dans le domaine de l'analyse, pour l'ensemble du gouvernement.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant ainsi d'exercer leurs responsabilités dans la gestion des dépenses. Le Secrétariat agit en tant que représentant du gouvernement et du ministère dans toutes les relations de travail et toutes les activités de compensation au sein de la fonction publique. L'organisme est placé sous la responsabilité d'un sous-ministre qui agit à titre de secrétaire du Conseil du Trésor.

branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

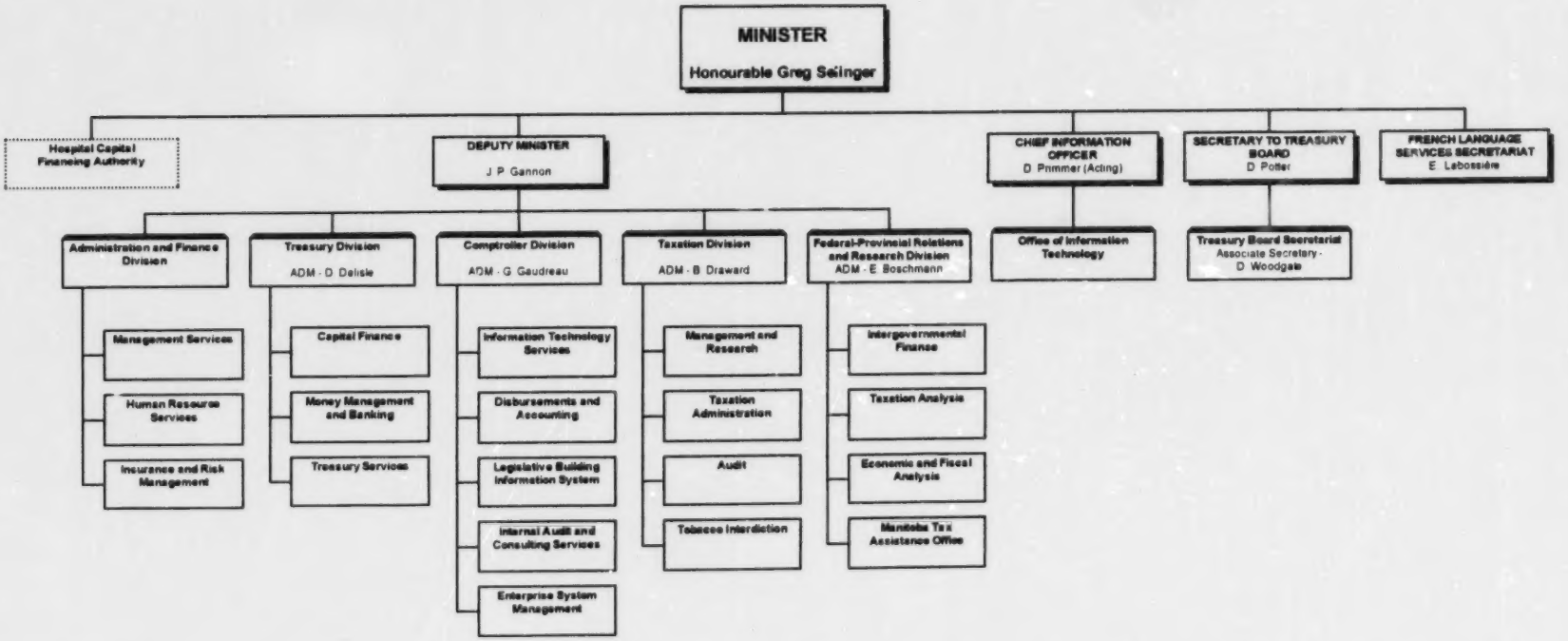
Le Bureau des technologies de l'information est chargé de superviser l'utilisation stratégique des ressources en matière de technologies de l'information au sein du gouvernement afin d'améliorer son fonctionnement et d'obtenir une meilleure prestation de services pour les citoyens du Manitoba.

La division du texte de ce rapport reflète la structure des crédits du ministère utilisée dans le Budget des dépenses du Manitoba. Ce formatage facilite la recherche croisée entre les deux documents. Seuls le paiement net des crédits d'impôt, la Direction de l'assurance et de la gestion des risques, et la dette publique sont formatés autrement. Ces secteurs ont été inclus à l'intérieur des divisions chargées de leur administration.

STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Balanced Budget, Debt Repayment and Taxpayer Protection Act	B5
The Corporation Capital Tax Act	C 226
The Crown Corporations Public Review and Accountability Act	C 336
The Energy Rate Stabilization Act	E 115
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Manitoba Foundation Act	F 155
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Homeowners Tax and Insulation Assistance Act (Parts I to IV and Section 1 and Part VI as they relate to subjects covered under Parts I to IV)	H 75
The Hospital Capital Financing Authority Act	H 125
The Income Tax Act	I 10
The Manitoba Hydro Act	H 190
The Manitoba Investment Pool Authority Act	I 100
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Motive Fuel Tax Act	M 220
The Pari-Mutuel Levy Act	P 12
The Public Officers Act	P 230
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Retail Sales Tax Act	R 130
The Revenue Act	R 150
The Succession Duty Act (S.M. 1988-89, C. 42)	-
The Suitors' Moneys Act	S 220
The Tax Appeals Commission Act	T 3
The Provincial - Municipal Tax Sharing Act	T 5
The Tobacco Tax Act	T 80

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized coordination of financial, administrative and human resource functions as well as the Tax Appeal Commission and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, coordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Minister's Salary	27.1	1.00	27.3	(0.2)	
Total Sub-Appropriation	**27.1**	**1.00**	**27.3**	**(0.2)**	

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	383.9	7.00	394.1	(10.2)	
Other Expenditures	94.7		87.2	7.5	
Total Sub-Appropriation	**478.6**	**7.00**	**481.3**	**(2.7)**	

Management Services

The Management Services branch is responsible for ensuring appropriate management of, and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include coordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. In addition, the branch coordinates the department's records management program including all matters pertaining to the Freedom of Information and Protection of Privacy Act and administers the department's parking program.

Human Resource Services

The branch provides human resource services to departmental managers and staff of the departments of Finance, Highways and Government Services, Industry, Trade and Mines and the Provincial Auditor's Office in accordance with the Civil Service Act, Manitoba Government Employee Union (MGEU) Master Agreement, Manitoba labour laws and workplace health and safety legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. The departments also share resources for the branch management, training and development, occupational health and safety and employment equity program development.

Specific activities of Human Resource Services during 2000/2001 that related to the Department of Finance included:

Employment Equity

The branch continues to coordinate the implementation of government-wide policies and initiatives.

Employment Equity Statistics as at Fiscal Year End

	1997/1998 Actual (%)	1998/1999 Actual (%)	1999/2000 Actual (%)	2000/2001 Actual (%)
Native	1.5	1.2	1.5	2.6
Women	51.0	51.6	52.7	53.5
Disabled	3.5	3.7	3.6	3.1
Visible Minority	6.3	5.9	6.0	5.7

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 520 employees. Maintained comprehensive attendance and payroll information on the Corporate Human Resource/Payroll System (SAP).

Provided counselling and information on retirement, death benefits, long term disability and lay-off to 27 employees and family members.

Recruitment and Selection

Filled 73 permanent and 9 temporary position vacancies through a formal competition process and 17 positions through various direct appointments.

Consulted with departmental management/supervisory personnel, employees, and the MGEU in the resolution of numerous labour relations issues, which included the filing of 1 formal grievance.

Assisted 3 staff impacted by workforce adjustment to find alternative permanent employment. Branch staff work as case managers to provide skills assessment, recommendations for training, résumé writing assistance, referral to re-employment opportunities, retirement information and feedback on interviews.

The department continued to hire a number of individuals from the inventory list. This was established to provide opportunities to qualified candidates on a casual and term basis. The department participated in the Aboriginal Management Project which involved one departmental employee.

Position Classification

Prepared detailed classification analysis on 78 reclassification requests under delegated and non-delegated authority.

Staff Development

Approximately 150 staff attended various programs offered through the Organization and Staff Development Agency.

Occupational Health and Safety

Formulated Workers' Compensation statistics for distribution to various branches within the department which reported 8 accident/injury claims of which 5 accounted for no lost time injuries and 3 accounted for 64.5 lost work days. These accident/injury claims resulted in Workers Compensation charges to the department totalling $5,367.91.

Attendance management, workstation assessments and Return to Work Program resulted in reducing the department's overall claim costs.

1 (c) Management Services (includes Human Resource Management)

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	439.2	10.00	482.7	(43.5)	
Other Expenditures	56.2		73.4	(17.2)	
Total Sub-Appropriation	**495.4**	**10.00**	**556.1**	**(60.7)**	

Tax Appeal Commission

The Tax Appeals Commission Act provides for the appointment of one or more commissioners for the purpose of dealing with notices of objection filed by taxpayers who disagree with assessments under The Retail Sales Tax Act, The Corporation Capital Tax Act, The Mining Tax Act and The Health and Post Secondary Education Tax Levy Act. The Tax Appeals Commission provides taxpayers with an objective review of the taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the Commission and results for 2000/2001 are as follows:

Outstanding appeals, March 31, 2000	21
Appeals received in 2000/2001	20
	41
Appeals resolved in 2000/2001	
Partially Denied	1
Denied	9
Referred	1
Reviewed for Minister	7
Late – Not Accepted	1
Withdrawn	3
	22
Outstanding appeals, March 31, 2001	19

1 (d) Tax Appeal Commission

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Tax Appeal Commission	14.1		20.0	(5.9)	*1*
Total Sub-Appropriation	**14.1**		**20.0**	**(5.9)**	

1. Under expenditure is due to less time spent on appeals.

Insurance and Risk Management

The Insurance and Risk Management Branch serves a centralised government function providing Insurance and Risk Management services to Manitoba's departments and agencies, including most Crown corporations.

Risk Management services can be defined as tasks that involve the application of risk identification, risk evaluation, risk control, risk transfer and risk financing principles. Specific tasks include reviewing risk management policy, promoting and attending risk control meetings, performing loss prevention inspections, reviewing contracts for effective risk transfer, establishing and maintaining commercial and self insurance programs, managing claims, and evaluating and presenting risk reduction opportunities to agency and department management.

The goal of the Risk Management Branch is to enhance the ability of Manitoba departments and agencies to operate facilities, provide services and deliver programs to the public within planned budgets, with a minimum of disruption and unexpected cost from unforeseen loss.

Risk Identification and Evaluation

The Insurance and Risk Management Branch worked with departments, agencies and Crown corporations to identify and assess risk exposures associated with their activities.

Branch personnel inspected and reviewed coverage requirements with The Pineland Nursery, with Family Services and Housing about funded agencies' exposures, with Agriculture and Food, and Education and Training about directors' and officers' exposures.

Meetings were held with Manitoba Agriculture and Food regarding the Livestock and Livestock Products Act and the On-Farm Food Safety Program. Accountability and liability associated with program monitoring was reviewed with Manitoba Health. Liabilities associated with swimming platforms were reviewed with Manitoba Conservation, and legislated requirements for commercial truck brake maintenance were reviewed with Manitoba Highways and Government Services.

The risks associated with the Citizens on Patrol Program were reviewed with Manitoba Justice, as well as risks associated with volunteer activity with Culture Heritage and Tourism and the Voluntary Sector Interdepartmental Committee. Branch personnel also participated in meetings on Prevention of Harassment and Abuse in Sport and Recreation.

Risk Control

Risk control committee meetings were held at Manitoba Highways and Government Services, Red River College, Manitoba Conservation and Manitoba Family Services and Housing, including meetings at the Manitoba Developmental Centre. The Old Pinawa Site was inspected to view progress at this park. Risk control presentations were given to Manitoba Conservation at their annual Park Managers Meeting in Falcon Lake and at The Manitoba Liquor Control Commission's Store Managers Meetings.

A consultant was hired and numerous meetings were held regarding facility improvements at Gull Harbour Resort Hotel. Inspections of the facility were carried out. Branch personnel participated in loss control inspections for the Fort Dufferin Site (Emerson) for Culture Heritage & Tourism, the sales tax remittance centre for Manitoba Finance, the data gathering centre for the Hepatitis C Notification Project for Manitoba Health, and Hangar T-5 for Manitoba Highways and Government Services.

Loss control personnel from Manitoba's Insurance Consortium carried out 10 site inspections during the 2000/2001 fiscal year, and reports were provided to appropriate departments.

Risk Transfer

The Insurance and Risk Management Branch reviewed approximately 200 contracts for insurance, bonding and indemnity provisions, working with client departments and agencies and Civil Legal Services to ensure appropriate transfer of risk on government contracts.

Branch personnel analyzed coverage provided by equipment maintenance insurance for The Procurement Services Branch, reviewed insurance requirements for cottage lease agreements with Manitoba Conservation, and established financial assurance requirements for water treatment plant contracts with Aboriginal and Northern Affairs.

Branch personnel participated in meetings of the Government of Manitoba Procurement Council, and provided input aimed at updating government procurements contracts and agreements.

The branch assisted departments and agencies in obtaining proper "Proof of Insurance" from third party contractors and suppliers, and it provided Certificates of Insurance to third parties on behalf of Manitoba departments and Agencies. Total requests exceeded 100.

Risk Financing

The Insurance and Risk Management Branch administers insurance purchasing on behalf of government departments and Agencies, involving approximately 25 insurance and self-insurance programs. The branch also conducts insurance surveys and examines alternative risk financing options on behalf of departments and Agencies.

Branch personnel were involved in lengthy negotiations seeking risk financing quotations for Manitoba's spring flood exposure. Meetings were held with staff from MEMO, Manitoba Conservation, Treasury Division, Manitoba Finance, numerous consultants, reinsurance brokers and underwriters, to obtain quotations for financial cost reinsurance for Manitoba's flood related costs. Manitoba's annual forest fire fighting costs were also analyzed for reinsurance potential.

Insurance requirements for midwifery practitioners were reviewed with Manitoba Health, and errors and omissions insurance requirements for hail adjusters were examined with Consumer and Corporate Affairs.

Insurance premiums paid by departments during the 2000/2001 fiscal year were $1.26 million including brokerage fees. This represented an increase of 9% over the previous year. Main cost increases were due to higher costs for aircraft hull and liability and primary general liability insurance.

The Insurance and Risk Management branch also administers insurance purchasing by government agencies, including Special Operating Agencies. Some additional coverages were purchased this year, including fiduciary liability coverage for Civil Service Superannuation Board, and errors and omissions liability insurance for Industrial Technology Centre. The three community colleges purchased three-year crime insurance policies in 2000/2001. Premiums paid directly to commercial insurers totalled $0.80 million, including brokerage fees. This represented a 51% increase over 1999/2000.

Agencies Self-Insurance Fund

This fund reduces the deductible under Manitoba's blanket property and general liability insurance policies for government agencies. The fund also insures student laptops against damage under the Red River College laptop program.

During the 2000/2001 fiscal year, the self-insurance fund collected $1.11 million in premiums from agencies, a decrease of 3.4% from the previous year. Claim payments from the fund were approximately $609,000 and estimated claim costs for newly reported claims were $2.5 million for property (one claim is estimated at $1.5

million) and $347,000 for liability. Taking deductibles and commercial insurance payments into account, reserves for expected payments for claims incurred during 2000/2001 were $1.1 million, matching premiums collected for the same period.

Province of Manitoba Insurance Consortium

Personnel from the Risk Management Branch and The Insurance Consortium met 4 times during the fiscal year to discuss issues relating to insurance purchasing and loss prevention. Numerous meetings were held with individual members regarding the specific coverages in their portfolio.

Claims Administration

Department Property Claims

In the 2000/2001 fiscal year, 215 incidents involving damage to government department property, at an estimated cost of $861,746, were reported to this branch. Compared to the previous fiscal year, this involved a 23.2% decrease in the number of reported incidents and a 16.5% decrease in the quantum of total reported damage.

Department Liability Claims

During this same period, 183 new liability incidents were reported with initial reserves totalling $399,962. This represented a 9.4% decrease in the number of reported incidents, and an increase of 2.1% in the total liability reserves over the previous fiscal year.

Department Adjusting Costs

Adjusting costs for department claims decreased significantly by 66.4% to $24,026 in the 2000/2001 fiscal year from $71,437 during the 1999/2000 fiscal year. The number of liability claims closed during 2000/2001 decreased to 137 from 188 in the previous fiscal year.

Agency Property Claims

In the 2000/2001 fiscal year, there were 144 incidents involving damage to government agency property, at an estimated cost of $2,508,594. This involved a 4.2% increase in the number of reported incidents. The quantum of reported damage increased by 102.6% due for the most part because of a water damage claim with estimated damage at 1.5 Million. An attempt at subrogation recovery on three property losses that occurred during the 2000/2001 fiscal year has been undertaken and recovery is yet to be finalised.

Agency Liability Claims

During this same period, 235 new liability incidents were reported with initial reserves totalling $347,959. This represented a 17.8% decrease in the frequency of reported incidents, and a decrease of approximately 28.5% in the total reserves.

Agency Adjusting Costs

Adjusting costs for agency claims increased to $83,507 for the 2000/2001 fiscal year from $67,202 for 1999/2000. The number of liability claims closed, decreased to 88 in the current fiscal year from 159 the previous year. The increased adjusting costs, and the reduction in files closed, indicated lengthier negotiations were required to settle liability claims.

Other Claim Activities

During the last week in September 2000, the Department and the Agency Claims Managers visited various government agencies and departments located in Thompson, Snow Lake, Flin Flon, The Pas, Dauphin, Brandon, and Portage la Prairie. Discussions took place regarding Risk Management and Claims issues, and several locations where claims have occurred were visited. Very positive feed back concerning the endeavour was received from the individuals visited.

In November 2000, four two-hour presentations were conducted by the Manager of Agency Claims and a lawyer for the benefit of Manitoba Lotteries Corporation Security. The main focus of the seminars was the correct completion of Liability Incident Reports, dealings with patrons, and the handling of valet liability claims.

Intentional Damage Compensation Plan

Branch personnel monitored the administration of the Foster Parents Intentional Damage Compensation Plan for the Department of Family Services. A total of 136 claims were settled at a total cost of $63,171 plus investigative and administrative costs of $7,866. This represented no change in claim frequency, a 1% increase in claim settlement costs, and a 1.7% increase in claim administration costs.

Other Results

The insurance premium component of the province's "cost of risk" increased in 2000/2001, due mainly to hardening insurance markets. Commercial insurance premiums increased 9%. For Manitoba agencies, the impact of these increases was moderated by reduced self-insurance assessments.

In 2000/2001, the Insurance and Risk Management Branch examined alternative risk financing options for Manitoba's share of spring flooding costs, in the aftermath of the International Joint Commission's report on flooding exposures in the Red River Valley. This initiative, and the examination of forest fire suppression costs, may be considered as an example of strategic risk management for the Government of Manitoba, where risks are examined outside of traditional insurance considerations. These types of initiatives are expected to increase in the future.

World re-insurance markets continue to harden, and it is expected that retail insurance costs will increase. The Government of Manitoba will be examining risk financing options carefully, including the use of larger deductibles and increased self-insurance.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	299.3	5.29	295.0	4.3	
Other Expenditures	50.3		60.3	(10.0)	
Insurance Premiums	1,259.9		1,385.0	(125.1)	
Less: Recoverable from Other Appropriations	(1,259.9)		(1,385.0)	125.1	
Total Sub-Appropriation	**349.6**	**5.29**	**355.3**	**(5.7)**	

French Language Services Secretariat

The French Language Services (FLS) Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS policy in general.

The FLS Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS policy in a manner consistent with the concept of active offer and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The FLS Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province.

During 2000/2001, the FLS Secretariat and its team of facilitators:

- Coordinated, for Manitoba, the inclusion of projects to be funded in 2000/2001 under the Canada/Manitoba General Agreement on the Promotion of Official Languages, a cost sharing Agreement with the Federal government.

- Pursued the implementation of recommendations emanating from the Chartier Report, including detailed planning, conceptualizing and design for the establishment of the first three of six bilingual government service centres in Saint-Boniface, Saint-Pierre-Jolys and Notre-Dame-de-Lourdes. Finalized space requirements and terms and conditions for federal and municipal participation in the centres.

- Provided guidance and assistance to administrative bodies and pursued the review and/or development of FLS plans. Collaborated with the Advisory Committee on Health Services in French for the review and development of regional FLS plans of designated Health Authorities and with the Advisory Committee on French Language Social Services, for FLS plans of designated social services agencies.

- Continued developing strategies to address shortcomings in the delivery of judicial services in French, through the Working Group on the Enhancement of FLS in the Justice System. In collaboration with various stakeholders, worked on the implementation of a practical model for the delivery of RCMP services in French. Carried out the preliminary steps of the pilot project to establish bilingual court facilities and services in Saint-Boniface and Saint-Pierre-Jolys.

- Participated in national meetings of senior officials on French language services as well as in the Ministers' Conference on Francophone Affairs, with the Minister responsible for FLS, which took place in Prince Edward Island in October 2000.

- Coordinated French language training initiatives for government empioyees in designated positions and offices, including a pilot project in Portage-la-Prairie. Participated on the Réseau des apprenants (French Language Learners' Network), which organized a number of activities for French language learners, outside the classroom setting.

- Participated, with the Seniors Directorate and the Fédération des aînés franco-manitobains in initiatives re: services in French for senior citizens.

- Organized FLS forums/meetings with representatives of government departments and the Franco-Manitoban community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.

- Dealt with representations and complaints from the public regarding FLS.

- Produced and released A First Report on French Language Services.

- Pursued desktop support for FLS in the government's managed environment. Via the FLS and Systems Steering Committee, conducted a survey of desktop requirements and undertook 2 pilot projects to determine the suitability of VMWare and Office 2000.

- Revised and streamlined the Guidelines Manual for the Implementation of FLS, with subsequent presentation to FLS Coordinators and distribution to administrative bodies. Issued new directives concerning the production of annual reports in fully or partially bilingual formats.

1 (e) French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 2000-2001	Estimate 2000-2001		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	429.4	10.00	415.3	14.1	
Other Expenditures	356.4		464.8	(108.4)	*1*
Total Sub-Appropriation	**785.8**	**10.00**	**880.1**	**(94.3)**	

1. Under expenditure is due to delays in the start-up of the bilingual service centres.

TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions, as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies while at the same time obtaining information about the state of world financial markets, and financial products and opportunities available to the province

To more effectively deal with technological and financial market complexities and risks, the division operates the following committees:

- The Capital Markets Committee
  - Meets weekly to review world capital supply, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
  - Determines appropriate investment, borrowing and risk management strategies.

- The Credit Committee
  - Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties as well as limits for exposure to individual financial institutions, reviews documentation standards for financial agreements, and assesses the risk related to investment classes and transactions.

- The Information Technology Planning Committee
  - Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.
  - Monitored the continuing progress of the division's Treasury Management System upgrade.

- The Executive Management Committee
  - Meets monthly to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

The Treasury Division is divided into four functional areas:

- Administration
- Capital Finance
- Money Management and Banking
- Treasury Services

Administration

The Administration function has been allocated two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- contact with the world financial community;
- establishing strategies for the investment of sinking funds and other long term investment accounts aggregating in excess of $7.0 billion;
- establishing interest rates for loans to Crown corporations, government agencies, school boards, hospitals and municipalities;
- provision of management and financial advisory services to government departments, agencies and investment funds; and
- reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	124.1	2.00	133.3	(9.2)	
Other Expenditures	104.0		118.1	(14.1)	
Total Sub-Appropriation	**228.1**	**2.00**	**251.4**	**(23.3)**	

Capital Finance

The Capital Finance branch of the Treasury Division has been allocated five staff positions for the performance of the following major functions:

- managing the borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- developing and maintaining the debt management program of the government;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- managing sinking funds and other long term investment accounts of the province, Crown corporations and government agencies; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated $2,363 million in 2000/2001. This includes $1,764 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of Province of Manitoba direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2001 using March 31, 2001 foreign exchange rates for conversion of foreign issues, was $14.15 billion ($13.46 billion at March 31, 2000) of which $6.79 billion ($6.72 billion at March 31, 2000) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Three major reports and filing documents were prepared for regulatory agencies in Japan, Europe and the United States.

The branch also coordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Risk Management

The Capital Finance branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2001, 20% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (20% at March 31, 2000) and 13% was payable in U.S. dollars (15% at March 31, 2000).

Investments

Loans and Equity Investments

The Capital Finance branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2000/2001, $487.5 million was invested and $388.2 million of principal was repaid. At March 31, 2001 the aggregate amount of advances and equity investments outstanding was $8.3 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Finance branch. At March 31, 2001, sinking funds related to the direct and guaranteed debt of the province amounted to $6.1 billion, down 6.8% from $6.6 billion at March 31, 2000. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled $1,110 million at February 28, 2001. The Capital Finance branch determines the cash flows of these funds for investment purposes.

Other Responsibilities

The Capital Finance branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority, which assists operators of hospitals to finance their capital expenditures. The branch now funds Health facilities directly.

The branch managed the sixth Builder Bond campaign. Builder Bond Series 6 raised $432.6 million.

2 (b) Capital Finance

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	258.3	5.00	295.6	(37.3)	
Other Expenditures	35.0		37.3	(2.3)	
Total Sub-Appropriation	**293.3**	**5.00**	**332.9**	**(39.6)**	

Money Management and Banking

The Money Management and Banking branch of the Treasury Division, has been allocated eight staff positions for the performance of the following major functions:

- managing the government's monetary resources;
- managing the short term investment and borrowing programs for the government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- managing the banking operations of the government.

Money Management

The Money Management and Banking branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2000/2001, the Money Management program was involved in managing the cash flow for over 1,400,000 cheques and electronic payments, representing approximately $6 billion of transactions processed. In addition, over 700,000 cheques, money orders, drafts and other items, representing approximately 39,000 bank deposits, were processed through the accounts of the government and its remittance processing agent.

Investment and Borrowing

Monitoring and management of the government's cash flow during 2000/2001 resulted in the branch arranging 1,467 short-term money market transactions aggregating over $59 billion of investment purchases and $663 million of investment sales. The branch also arranged for the issue of $92 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts and to finance long-term debt repurchases. Interest earned on the short-term investments amounted to over $78 million while interest paid on the promissory notes issued was approximately $3.5 million. The branch monitored the credit status of approximately two dozen approved financial institutions and maintained appropriate exposure limits for each, recommending changes where necessary to manage risk.

Trust Administration

Over 85 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.2 billion in 2000/2001. Approximately 2,900 trust deposit receipts were issued in 2000/2001 and 3,200 payments processed by the branch in respect to these deposits. Interest paid on these trust accounts in 2000/2001 was in excess of $52 million.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies, and evaluates requests for new bank accounts and changes to existing accounts. Also, the branch negotiates contracts for banking and armoured car services for the province.

The branch maintained a central index of approximately 720 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province. These accounts include the Manitoba Public Insurance Corporation agents' accounts.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments, surveying their needs to consider appropriate applications.

The branch is involved with the operations of each Special Operating Agency in respect to its banking, borrowing and investment activities.

The branch will continue to partner with other areas of government in the application of emerging technology.

2 (c) Money Management and Banking

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	385.1	8.00	413.2	(28.1)	
Other Expenditures	255.7		258.9	(3.2)	
Total Sub-Appropriation	**640.8**	**8.00**	**672.1**	**(31.3)**	

Treasury Services

The Treasury Services branch of the Treasury Division has been allocated ten staff positions for the performance of the following major functions:

- to service and administer the public debt of the province;
- to service and safekeep the investments of the province and certain Crown corporations and government agencies;
- to provide administrative support to the Treasury Division including the coordination of the division's information technology functions;
- to coordinate the preparation of Treasury Division and Public Debt estimates and analyses; and
- to provide a controllership function to the Treasury Division.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately $17 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, and C.P.P. debentures, all payable in Canadian Dollars, as well as 18 debenture issues payable in U.S. Dollars, 1 debenture issue payable in Swiss Francs, and 12 debenture issues payable in Japanese Yen. In servicing this debt, the branch administered approximately 190 derivative agreements whereby, among other things, all the Swiss Franc and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. Dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the foreign debt obligations of the province required the purchase of 120 million U.S. Dollars.

Servicing the short-term debt obligations of the province required the administration of $1.3 billion in treasury bills and $92 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and the University of Manitoba. The aggregate value of these long-term investments was approximately $7.0 billion.

In servicing these investments the branch processed purchases aggregating $4.4 billion, sales and maturities of $3.7 billion and gross income of $510 million. The branch administered approximately 140 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian Dollars.

Servicing short-term investments for the province required the processing and safekeeping of approximately 2,900 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $120 billion.

In order to meet its responsibilities in servicing the province's debt and investments, the branch operates a payment system for the division. During 2000/2001, 332 cheques were issued with a total value of $845 million and approximately 500 electronic transfers with a total value of over $5 billion were initiated in the branch.

2 (d) Treasury Services

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	491.5	10.00	503.5	(12.0)	
Other Expenditures	51.7		48.3	3.4	
Total Sub-Appropriation	**543.2**	**10.00**	**551.8**	**(8.6)**	

Public Debt (Statutory)

The Treasury Services branch is responsible for coordinating the preparation of Public Debt expenditure estimates and analyses.

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

The following table sets forth certain information as to the funded debt of the province as well as debt issues for general provincial programs (all net of sinking funds) as at March 31 for the years 1997 through 2001, including per capita data based upon population at July of the preceding calendar year.

	As at March 31,				
	1997	**1998**	**1999**	**2000**	**2001**
Net General Provincial Program Debt (millions) [1]	$6,808	$6,773	$6,774	$6,718	$6,798
Per Capita	$6,003	$5,957	$5,952	$5,872	$5,911
As a Percent of Gross Domestic Product	*24.1%*	*23.1%*	*22.5%*	*21.5%*	*20.6%*
Net Cost of Servicing General Provincial Program Debt (millions)	$539	$520	$515	$466	$511
As a Percent of Provincial Revenue	9.4%	9.1% [2]	8.8%	7.4%	7.6%

Notes:

1. *Unhedged foreign currency obligations are stated at the Canadian dollar equivalent using the exchange rates in effect on March 31 each year. Includes Capital Investments.*

2. *1997/1998 Provincial Revenue excludes 1997 flood recoveries.*

11 **Public Debt (Statutory)**

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Interest on:					
the Public Debt of Manitoba and related expenses	1,661,933.1		1,394,575.6	267,357.5	
Trust and Special Funds	68,932.9		51,858.0	17,074.9	
Sub-total	**1,730,866.0**		**1,446,433.6**	**284,432.4**	
Less: Interest and Other Charges received from:					
Sinking Fund Investments	(360,558.9)		(334,200.0)	(26,358.9)	
Manitoba Hydro	(688,150.6)		(498,231.4)	(189,919.2)	
Manitoba Housing and Renewal Corporation	(35,521.2)		(37,143.2)	1,622.0	
Manitoba Agricultural Credit Corporation	(19,992.6)		(20,945.5)	952.9	
Other Government Agencies	(11,283.7)		(11,789.8)	506.1	
Other Loans and Investments	(104,636.3)		(69,648.7)	(34,987.6)	
Sub-total	**(1,220,143.3)**		**(971,958.6)**	**(248,184.7)**	
Total Sub-Appropriation	**510,722.7**		**474,475.0**	**36,247.7**	*1*

1. *Net over expenditure is due to an increase in costs due to foreign exchange rates (US dollar) and other expenses offset by a decrease in costs related to interest rates.*

COMPTROLLER DIVISION

The division's role is to establish and foster a corporate Comptrollership function for the Manitoba Government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and coordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, five branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Legislative Building Information Systems;
- Internal Audit and Consulting Services; and
- Enterprise System Management.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	127.7	2.00	124.9	2.8	
Other Expenditures	78.5		17.9	60.6	*1*
Total Sub-Appropriation	**206.2**	**2.00**	**142.8**	**63.4**	

1. Over expenditure is due to consulting and operating costs associated with drafting the Provincial Auditor's (Auditor General's) revised Act and amendments to Balanced Budget Legislation.

Information Technology Services

Information Technology Services, in existence since April 1993, provides information technology services to the Department of Finance with the exception of Legislative Building Information Systems, Treasury Board Secretariat and the Office of Information Technology.

The primary objective of the branch is to ensure that the Department of Finance has efficient, effective and technologically sound information systems that effectively support the department's objectives in a timely manner.

The branch has been allocated 13.25 staff positions for the performance of the following major functions:

- leadership and coordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 2000/2001, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's major and minor Revenue Accounting and Collection systems;
- the Comptroller Division's Historical and Minor Financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems; and
- the Tax Assistance Office's Homeowner Tax Assistance Audit system.

In addition, staff supported the following major corporate initiatives:

- Department of Finance's Year 2000 changes were validated to be correct;
- 3 staff members were seconded to the corporate Better Systems Initiative; and
- 6 staff members were seconded full time to Enterprise System Management which has implemented and operated the corporate SAP System.

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	677.1	13.25	836.9	(159.8)	*1*
Other Expenditures	90.1		98.9	(8.8)	
Total Sub-Appropriation	**767.2**	**13.25**	**935.8**	**(168.6)**	

1. Net under expenditure is due to position vacancies and the recovery of salaries for staff seconded to Better Systems initiatives.

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 391,248 direct deposits and issued 1,733 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 360,529 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments.

Processing and collection of amounts owing to the government for shared cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established time tables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with the Financial Administration Act. The summary financial statements of the government (now Volume 1 of Public Accounts) and the more detailed financial statements, schedules and reports of the consolidated fund now represented by Volumes 2 and 3 of the Public Accounts, were all released September 29, 2000. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on February 15, 2001.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,897.4	42.50	1,958.8	(61.4)	
Other Expenditures	1,139.8		851.5	288.3	*1*
Less: Recoverable from Other Appropriations	(314.5)		(325.9)	11.4	
Total Sub-Appropriation	**2,722.7**	**42.50**	**2,484.4**	**238.3**	

1. *Net over expenditure is due to office renovations, continuing software and maintenance costs of the legacy system, postage, hardware upgrade and general operating costs.*

Legislative Building Information Systems

The branch is responsible for providing complete Information Technology services to all staff in the Legislative Building, both government and non-government, as well as providing distinctive service to external clients that have a business requirement to communicate with clients in the building

Clients include government's most senior executives in Executive Council and Deputy Ministers' offices; staff in the offices of Treasury Division, Information Services, Legislative Library, Tourism, Facilities, and Security;

Legislative Assembly staff in the Speaker's offices, Members' Allowances, Caucuses, and elected Members of Legislative Assembly; and the Lieutenant Governor's office.

Since users in the Legislative Building span all government departments, the branch has at times undertaken responsibility for corporate initiatives that address information requirements of Manitoba's senior executives.

Significant accomplishments and undertakings for fiscal year 2000/2001:

- Tendered for and tested hardware and software in preparation for a migration of the communications infrastructure to switched technology. The completion of the upgrade will occur in 2001/2002 and is expected to significantly increase throughput, tighten security and allow more flexibility on the existing infrastructure;
- Implemented "best practices" in all operational areas;
- Provided consulting and technical support services in completing major upgrades to a Treasury Manager system; provided consulting and project management for the first phase of a re-write of a Trust Manager system; implemented an Internet trading system to the bank; and upgraded software packages that assist in the management of Financial markets;
- Developed a Web-based system that allows Members of the Legislative Assembly to track their allowances;
- Designed and implemented an Internet Mail Service for Information Services;
- Analysed options to upgrade the existing Correspondence & Issues Management System (CIMS);
- Implemented an archiving component for CIMS;
- Provided technical services for Premier's conferences and the Governor General's visit;
- Provided consulting services to Hansard in investigating Digital Sound System requirements;
- Provided support to French Language Services in piloting hardware and software pertaining to French Language requirements;
- Updated the building-wide Intranet home page;
- Completed an SAP upgrade for Leg building staff;
- And, continued to provide consulting and operational services through deskside, technical and application support services.

3 (d) Legislative Building Information Systems

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	706.3	12.00	706.3		
Other Expenditures	319.3		319.4	(0.1)	
Total Sub-Appropriation	**1,025.6**	**12.00**	**1,025.7**	**(0.1)**	

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services, focusing on value for money reviews, to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 2000/2001 included:

- the completion of 65 audits during the year (1999/2000: 65). Of these 9 (1999/2000: 17) were value for money audits, 34 (1999/2000: 30) were primarily compliance focused with some review of management practices, and 22 (1999/2000: 18) were other engagements, based on assignments greater than 100 hours; and
- an annual report, summarizing the audit activities for the year and the projects planned for the upcoming year was prepared for each department.

3 (e) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,498.8	29.50	1,858.4	(359.6)	*1*
Other Expenditures	209.0		241.2	(32.2)	
Total Sub-Appropriation	**1,707.8**	**29.50**	**2,099.6**	**(391.8)**	

1. Net under expenditure is due to position vacancies and the recovery of salaries for staff seconded to the Better Systems initiative.

Enterprise System Management

The Enterprise System Management (ESM) branch supports the business and administrative requirements of the government by providing dependable, cost-effective protection, maintenance and enhancement capabilities in support of the enterprise-wide integrated Finance/Procurement and Human Resource/Payroll management system (SAP). SAP is a government-wide system implemented within all government departments and certain specific organizations/entities.

The branch:

- manages system improvements or enhancements by defining and prioritizing these in conjunction with government departments;
- analyses, designs and builds solutions to support government-wide business requirements and ensures the system is current with all legislative and policy changes;
- configures and tests Finance, Procurement, Human Resource(HR) and Payroll processes/modules;
- provides expert support to end-users in all government departments; and
- manages technology and infrastructure required to deliver the SAP product in the Manitoba environment.

In fiscal year 2000/01, the overall organizational structure for ESM was developed, finalized and implemented. Internal ESM business processes intended to optimize support for Manitoba SAP's community were developed and refined, including policies, procedures and methodology for prioritizing business needs and optimizing system functionality.

To maintain current version status and to take advantage of inherent SAP enhancements, ESM undertook a major system software version upgrade (Version 4.6). This upgrade affected all users and necessitated significant configuration, testing, and training effort. Version Upgrade (Delta) training classes were conducted over a 6–week period encompassing 1375 attendance's. This training was over and above ESM's regular classroom training and workshop program. A computer based training tool was introduced to streamline SAP training.

A redesigned hardware landscape was implemented to meet the requirements relating to the 4.6 Upgrade, and to facilitate an improved disaster recovery capability.

Significant system changes were implemented to accommodate requirements relating to the government's renegotiated Employee's Master Agreement and legislated Pension reforms. On-going major business events including fiscal and calendar year end were supported.

Due to the nature of this work, the identified activities require both operating and capital expenditures. Capital expenditures of $7.25 million relating to the system upgrade are reported under Part B-Capital Investment.

3 (f) Enterprise System Management

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Enterprise System Management	7,748.0	4.00	8,500.0	(752.0)	
Total Sub-Appropriation	**7,748.0**	**4.00**	**8,500.0**	**(752.0)**	

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Revenue Act, Part 1, Part IV
The Tobacco Tax Act
The continuing phase-out of the Manitoba Succession Duty and Gift Tax Acts

- Actual revenues under the Taxation Acts for the 2000/2001 fiscal year were $1,757,348,600 and fell short of the estimated revenues by $37,263,400. The major variances from the estimate are as follows:
- Corporation Capital Tax revenues fell short of the estimate by $15,817,500. Many large remitters remitted less tax than expected based on their prior year tax return in expectation of lower taxable capital in the current fiscal year;
- Retail Sales Tax revenues fell short of the estimate by $17,917,100. According to Statistics Canada, Manitoba posted the smallest increase in retail sales in the country for 2000, falling far short of the national average;
- Mining Tax revenues fell short of the estimate by $22,556,900 reflecting lower than anticipated world base metal prices;
- Tobacco Tax revenues fell short of the estimate by $3,021,400. The increase in revenues from the higher tax rate was offset by a decline in consumption as evidenced in manufacturers shipments with a year over year decline of 1% in cigarette shipments, and a 4.1% decline in fine cut tobacco shipments;
- Revenue Act Tax revenues exceeded the estimate by $11,681,000. A cold fall/winter increased consumption of natural gas and hydro. In addition, natural gas prices increased three times during the 2000/2001 fiscal year; and
- Levy for Health and Education Tax exceeded the estimate by $10,785,300. Average weekly earnings rose approximately 3.4% in Manitoba compared to a national gain of 2.7%. Federal Pay Equity payments also contributed to the increase in revenues.

Taxation Division
Comparative Statement of Actual Revenues ($000s)
For Fiscal Years Ending March 1997 to March 2001

	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001
Corporation Capital Tax	108,690.8	118,687.8	120,166.6	134,544.3	124,182.5
Gasoline Tax	153,019.8	152,156.7	155,672.9	154,373.4	156,877.1
Levy for Health & Education	208,592.8	216,194.0	224,121.8	225,255.0	238,785.3
Succession Duty and Gift Tax	39.7	39.7	39.7	39.7	39.7
Mining Claim Tax	71.6	71.1	71.3	71.1	71.0
Mining Tax	6,763.6	24,304.4	2,765.0	7,262.1	45,443.1
Motive Fuel Tax	65,286.3	65,928.4	68,711.5	64,060.0	66,670.5
Pari-Mutuel Tax	2,674.0	0.0	0.0	0.0	0.0
Retail Sales Tax	761,373.0	830,142.2	882,708.8	917,666.5	932,782.9
Revenue Act, 1964, Part I	50,958.4	51,756.6	55,330.3	56,955.7	67,981.0
Tobacco Tax	109,637.9	112,752.4	114,919.4	112,531.5	121,478.6
Environmental Protection Tax	2,741.2	2,823.6	2,995.0	3,349.5	3,036.9
Total	1,469,849.1	1,574,856.9	1,627,502.3	1,676,108.6	1,757,348.6

Management and Research

The purpose of the Management and Research branch is to ensure the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation as directed;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts, and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and recommend required changes to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to properly inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to co-ordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year included the following:

- provided the Minister of Finance and the Deputy Minister with recommendations for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the government and implemented the changes as directed;
- worked closely with Department of Highways and Government Services to implement a new sales tax regime for commercial truckers, in conjunction with the province's member ship in the International Registration Plan (IRP).
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- developed and implemented new taxation policy and administration procedures and informed Taxation Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liased with Canada Customs and Revenue Agency (CCRA) and other jurisdictions on cooperative information exchanges and other taxation administration and management issues;
- continued participation in the Better Systems Initiative to enhance public services; and
- participated in the development of the department's business plan.

The results obtained during 2000/2001 include:

- revenues collected as imposed by the taxation acts;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;
- official communications prepared in a timely manner;
- set of key information bulletins developed and/or updated;

- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and efficiently controlled and utilized; and
- Taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	950.2	18.50	1,038.7	(88.5)	
Other Expenditures	164.9		168.0	(3.1)	
Total Sub-Appropriation	**1,115.1**	**18.50**	**1,206.7**	**(91.6)**	

Taxation Administration

The Taxation Administration branch exists to facilitate the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and to provide information to its clients.

The staffing complement for the 2000/2001 fiscal year was 72.42 staff positions. The branch is production oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of $1.76 billion in tax revenues annually from the eight taxing statutes administered by the Taxation Division.

The statutes administered are: The Retail Sales Tax Act, The Gasoline Tax Act, The Motive Fuel Tax Act, The Mining Tax Act, The Tobacco Tax Act, The Corporation Capital Tax Act, The Health and Post-Secondary Education Tax Levy Act and Part I of The Revenue Act.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- to provide an effective and efficient tax gathering system;
- training and development of staff;
- to ensure tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- to promote essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:

- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collected outstanding tax arrears and delinquent tax returns were actioned with a view to minimizing losses;
- ensured taxation data bases were promptly updated and accurately reflected the current status for each taxpayer;
- ensured remittance forms were produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensured refunds of tax were accurate and were produced with a minimum of delay;
- ensured fuel sampling was conducted to provide compliance with legislation;

- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the Acts;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- recorded and transmitted monthly to the Tire Stewardship Board, the tire levy that is collected on behalf of the Board; and
- participated in the Better Systems Initiative working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 2000/2001 include:

- proper recording and collection of taxes imposed by the Acts;
- maintenance of an effective and efficient tax-gathering system; and
- taxpayers and the general public provided with information necessary to comply with the statutes.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. In 1995, the Taxation Division entered into an agreement with the Tire Stewardship Board to process tire levy remittances. The applicable revenue and remittance information is transmitted to the Tire Stewardship Board on a monthly basis.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on employers' total annual gross remuneration paid to their employees. In 1999, employers whose total annual gross remuneration paid to their employees is less than $1,000,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds $1,000,000 but is less than $2,000,000 pay tax on the portion over $1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds $2,000,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act imposes a tax on corporations' taxable paid up capital as defined in the Act. In general terms, taxable capital is "net funds" invested in corporations. "Funds" include all types of investments such as mortgages, loans and shareholders' equity. If the taxable paid up capital is less than $5,000,000 the corporation is exempt from this tax. Associated corporations are required to share the exemption. The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of $10,000,000. Banks and trust and loan companies are taxed based on the shareholder equity at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, aviation fuel and gasohol, subject to certain exemptions (coloured fuel used for farming, fishing, trapping, logging and aviation fuel for international cargo).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under The Gasoline Tax Act, subject to certain exemptions (coloured fuel used for farming, fishing, trapping, logging and domestic home heating). The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a single tax return which accounts for travel in all jurisdictions. The branch is responsible for verifying the returns and either issuing a recovery notice or refund to other IFTA

member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

Part I of The Revenue Act

This Act imposes a 7% tax on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for manufacturing and mining has been reduced to 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations (after allowing a processing allowance).

Operational Results

Operational results for the 2000/2001 fiscal year include 110,780 registered vendors, collectors and deputy collectors and 372,253 returns generated per annum.

The Administration branch also processed 18,196 refunds (representing $53,637,386) and chargebacks (representing $2,008,345).

As at March 31, 2001, there were service stations operating on 58 Indian Reserves who had entered into an agreement with the province to provide tax-free fuel to Status Natives. A total of $6,967,552 representing 3,090 claims was disbursed under this program during the 2000/2001 fiscal year for both diesel and gasoline fuel.

In the 2000/2001 fiscal year, the Manitoba Government continued to negotiate agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2001 there were 58 Indian Bands who had entered into agreements. A total of $6,606,213 representing 1,037 claims was disbursed under this program during the fiscal year.

Collections

The Collections and Field Services Section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. The section accomplishes the above by telephone contact, enforcement action, visits, examination of records, fuel sampling programs and the review of bulk plant operations.

Collection recoveries for the 2000/2001 fiscal year for the three major statutes (Retails Sales Tax, Health and Post Secondary Education Levy and Corporation Capital Tax) were $24,648,041.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,916.9	72.42	2,858.3	58.6	
Other Expenditures	4,281.3		4,174.3	107.0	
Total Sub-Appropriation	**7,198.2**	**72.42**	**7,032.6**	**165.6**	

AUDIT

The purpose of the Audit branch is to ensure that all taxes administered by the Taxation Division are remitted to the province, through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** comprises two groups - Desk Audit and Field Audit; these groups are responsible for conducting audits of taxpayers under various Taxation Statutes administered by the Taxation Division;

- **Audit Review** is responsible for the quality review of audit files, file selection, workload development and for the development of audit policies and procedures;

- **Investigations** is responsible for gathering evidence and the investigation of violations of taxation statutes administered by the Taxation Division; and

- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba and provides taxpayer information services for areas outside Winnipeg.

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the Taxation Statutes are detected;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the Taxation Statutes; and
- develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year included the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- continued to refine a comprehensive computerized Management Reporting System to aid management and staff in controlling, monitoring and evaluating results achieved in the audit and audit review sections;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- participated in the development of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of lap top computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Customs and Revenue Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems on Indian Reserves;
- as part of the National Fuel Tax project:
  - participated in a steering committee of the project - which is working on common definitions and legislation and more co-operation at border points;
  - participated in the Audit Committee - which is endeavouring to establish uniform fuel tax auditing and reporting on a national basis; and
  - participated in the Enforcement Committee – which is endeavouring to establish protocols between jurisdictions and the industry for the exchange of intelligence information for enforcement on a national basis;

- participated in the Better Systems Initiative - a project aimed at improving public services through streamlined processes and the use of technology;
- participated in the national Marking and Stamping Committee for Tobacco enforcement to develop between industry and government, secure methods of marking tobacco products;
- conducted audits of tire vendors on behalf of the Tire Stewardship Board;
- developed a Computer security policy for the Taxation Division to safeguard networks, hardware, software and sensitive information;
- developed an Employee security policy for the Taxation Division to ensure the security and safety of staff;
- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt coloured fuel;
- developed a plan for performing audits of taxpayers using computer assisted audit techniques and software.
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- Continued training staff in IFTA audit programs and computer software and hardware, and continued conducting IFTA audits;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of Provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax and Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, the Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 2000/2001 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- responded to taxpayer queries in a timely manner;
- policies and procedures developed and/or updated.

Audit			
Winnipeg - Number of Staff	66		
Westman - Number of Staff	10		
Completed refunds			385
Completed files			1,437
Audit recoveries		$	28,645,782
Investigations			
Winnipeg - Number of Staff	12		
Westman - Number of Staff	1		
Completed files			323
Charges			210
Convictions			148
Fines		$	31,311
Recoveries		$	345,643

Audit Review

Winnipeg - Number of Staff	4	
Reviewed audit files		547
Reviewed Notices of Assessments		95

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	4,826.4	93.00	5,208.9	(382.5)	*1*
Other Expenditures	1,097.4		999.9	97.5	
Total Sub-Appropriation	**5,923.8**	**93.00**	**6,208.8**	**(285.0)**	

1. Under expenditure is due to position vacancies.

Tobacco Interdiction

The purpose of this program is to protect the revenues of the government under the Tobacco Tax Act. This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group, the hiring of investigators and auditors on a casual/term basis specifically for this program and investigations staff provided by the Canada Customs and Revenue Agency.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP, Canada Customs and Winnipeg Police Service of contraband tobacco violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to co-ordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- implemented and monitored a program of co-operation with Health Canada, to combat the sales of cigarettes to minors in Manitoba, utilizing two casual investigators fully funded by Health Canada and Manitoba Health;
- refined the program to stop the illegal importation of tobacco from Eastern Canada into the Western provinces;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the government and implemented the changes as directed;

- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, Canada Customs, RCMP, Ontario Provincial Police, Brandon Police Service and Kenora Police Force;
- updated a smuggler profile for use by law enforcement agencies to intercept major shipments;
- liased with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;
- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 2000/2001 include:

- maintained an effective tax gathering system which protects revenues under the Tobacco Tax Act;
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- conducted inspections to detect the sales of cigarettes to minors and prosecuted violations; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction

Investigations Staff — 10 Equivalent Full Time *
2 Other **

Completed files		105
Charges		50
Convictions		14
Fines	$	112,414
Recoveries	$	606,630

* In addition, staff of the Audit branch are also involved in Tobacco Interdiction investigative duties.
** Federal Government positions operating in partnership with Tobacco Interdiction investigations.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	420.9	10.00	578.5	(157.6)	*1*
Other Expenditures	237.5		253.4	(15.9)	
Total Sub-Appropriation	**658.4**	**10.00**	**831.9**	**(173.5)**	

1. Under expenditure is due to position vacancies and revised program scheduling.

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs;
- to administer fiscal arrangements and tax collection agreements with the Federal Government and to administer tax credit programs with the federal government and municipalities; and
- to provide government-wide analytical support to inter-departmental working groups, task forces, etc.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the government with research and technical support with respect to national and provincial fiscal and economic matters and intergovernmental financial relations, and to fulfill the Department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- serving as the principal administrative unit of the province for the Income Tax Act (Manitoba), the Federal-Provincial Fiscal Arrangements Act and the Tax Collection Agreement with the Federal Government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the province in various meetings and committees; and
- administering Tax Credit programs with the federal government and municipalities.

Major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the Economic and Federal-Provincial Research unit is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The division's senior staff consists of an Assistant Deputy Minister and the Directors of the three branches.

Intergovernmental Finance

The Intergovernmental Finance branch includes five staff positions.

The branch Director and staff undertake ongoing analysis and interpretation of intergovernmental fiscal transfers in respect of personal and corporate income tax collections, federal financing for health, higher education and social programs, equalization, fiscal stabilization and some aspects of provincial/local government fiscal arrangements.

Total Provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 2000/2001 included: $1,339.2 million in equalization payments; $545.8 million in cash payments for social programs; $92.2 million for the Federal Health/CHST Supplement; and $2.2 million in other unconditional subsidies.

The Intergovernmental Finance branch also provides support in administering Provincial-Municipal Tax-Sharing payments.

The Intergovernmental Finance branch provides fiscal analysis necessary for the Minister and Cabinet to develop the Budget, and co-ordinates the production of the Budget and related documents.

The branch Director and staff represent the province at Federal-Provincial meetings and on working groups on fiscal data, fiscal arrangements and other Finance issues. In addition, the branch also provides support to the Manitoba Minister on the Council on Social Policy Renewal, and participates on interprovincial working groups in this region.

Revenue from Federal-Provincial Fiscal Arrangements ($000's) For Fiscal Years Ending March 1997 to March 2001

	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001
Income Taxes					
Individual Income Tax	1,411,928.6	1,431,075.7	1,807,157.5	1,611,231.5	1,756,646.5
Corporation Income Tax	241,233.6	192,702.8	215,227.9	306,819.4	444,127.5
Sub Total	1,653,162.2	1,623,778.5	2,022,385.4	1,918,050.9	2,200,774.0
Federal Transfers					
Equalization	1,086,931.0	1,164,320.0	912,382.0	1,271,747.0	1,339,236.0
Social Transfers:					
- Canada Health and Social Transfer	585,778.6	507,139.4	513,301.0	509,247.0	545,810.0
- Canada Assistance Plan [1]	35.2	(3,177.6)	2,139.5	-	-
- Federal Health/CHST Supplement	-	-	-	130,594.8	92,207.0
Other Transfers	2,252.5	2,252.5	2,246.1	2,247.7	2,247.7
Sub Total	1,674,997.3	1,670,534.3	1,430,068.6	1,913,836.5	1,979,500.7
Total from Fiscal Arrangements	3,328,159.5	3,294,312.8	3,452,454.0	3,831,887.4	4,180,274.7

1. *The Canada Assistance Plan (CAP) was eliminated with the introduction of the Canada Health and Social Transfer (CHST). 1996/1997 and subsequent amounts arise as a result of final adjustments under the plan.*

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes four staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and Estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch Director and staff represent the province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides interdepartmental co-ordination of economic analysis through the Interdepartmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It also provides and coordinates the technical and analytical input to multi-year fiscal projections including the Medium-Term Fiscal Plan.

An important and ongoing task of the branch is to prepare major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba.

Taxation Analysis

The Taxation Analysis branch has seven staff positions assigned with a further eight staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets and legislation of the province and, for income taxes, through the Federal-Provincial Tax Collection Agreement.

The branch is responsible for analyzing the fiscal and economic effects of federal tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

Total provincial revenue from income taxes administered by the branch in 2000/2001 amounted to $1,756.6 million in individual income tax and $444.1 million in corporation income tax.

The branch supervises the Tax Assistance Office and the several programs administered in that office. These include the Manitoba Tax Credit programs and several programs related to Manitoba personal income tax. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office also provides information and assistance to Manitobans in completing the provincial portion of their income tax returns.

Net Tax Credit Payments

10 Net Tax Credit Payments

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Manitoba Property Tax Credit	151,249.6		146,470.0	4,779.6	
Cost of Living Tax Credit	49,652.4		54,350.0	(4,697.6)	
Learning Tax Credit	12,272.7		14,350.0	(2,077.3)	
Pensioners' School Tax Assistance	3,458.8		4,040.0	(581.2)	
Political Contribution Tax Credit	612.5		640.0	(27.5)	
Federal Administration Fee	856.3		880.0	(23.7)	
Less: Recoverable from Education and Training					
Manitoba Property Tax Credit	(151,249.6)		(146,470.0)	(4,779.6)	
Pensioners' School Tax Assistance	(3,458.8)		(4,040.0)	581.2	
Learning Tax Credit	(12,272.7)		(14,350.0)	2,077.3	
Total Sub-Appropriation	**51,121.2**		**55,870.0**	**(4,748.8)**	*1*

1. *Over expenditure in the Manitoba Property Tax Credit is due to the fiscal impact of the increase in the maximum and minimum tax credit for 2001. Cost of Living Tax Credit is lower due to rises in taxpayers' incomes in 1999 (prior year adjustment) and for 2000. The Learning Tax Credit has experienced lower than anticipated take-up.*

Administrative Unit

This unit, with a staff of four, provides administrative support, word processing, library and filing services, and research support to the Assistant Deputy Minister and the branches of the division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,235.1	20.25	1,324.0	(88.9)	
Other Expenditures	652.9		440.4	212.5	*1*
Total Sub-Appropriation	**1,888.0**	**20.25**	**1,764.4**	**123.6**	

1. *Over expenditure is due to the additional costs associated with the 2000 Budget for polling, advertising, printing and design, the mail out of the 2000 Budget-in-Brief to every resident in Manitoba and the costs associated with the 2001 Budget.*

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba income tax and tax credit programs for residents of Manitoba;
- administering all elements of the Resident Homeowners' Tax Assistance program (Manitoba Education Property Tax Credit Advance);
- enforcing the provisions of the legislation governing Manitoba Income Tax and Manitoba tax credit programs including recovery of ineligible claims; and
- administering Tax Rebate Discounting.

The major activities include:

- providing information to taxpayers claiming any of the above programs and administering these programs with Canada Customs and Revenue Agency;
- responding to enquiries and processing benefit applications; and
- contacting individuals to recover ineligible amounts claimed under Manitoba Income Tax and Tax Credit legislation.

Results:

Residents of Manitoba receive benefits to which they are entitled under the Manitoba Income Tax Act.

5 (b) Manitoba Tax Assistance Office

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	263.0	7.50	317.2	(54.2)	
Other Expenditures	67.0		76.2	(9.2)	
Total Sub-Appropriation	**330.0**	**7.50**	**393.4**	**(63.4)**	

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and coordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service as well as providing specialized consulting services respecting labour relations and compensation matters within the public sector;
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies;
- providing guidance to departments on a government wide planning and performance measurement initiative.

The 2000/2001 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2000 Manitoba Budget on May 10, 2000.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and coordinates the annual estimates process, and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

The three analytical units are aligned on a sectoral basis (Human Services; Economic and Sustainable Development; Community Services) and are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Administrative Policy Office

The Administrative Policy Office (APO) is responsible for two government-wide functions: (1) policy that is part of the ongoing government management process and (2) the government wide planning and performance measurement initiative.

The Office develops, communicates, interprets, monitors and evaluates administrative policies. These policies direct, guide and assist departmental staff in managing government programs and resources in a way that reflects the government's fiscal strategy.

In the development phase of an administrative policy, the APO consults with other sections in the Secretariat and with departments to identify policy-related issues and potential solutions. In some cases, Treasury Board may give specific direction. To communicate administrative policies, the APO publishes the General Manual of Administration and updates it periodically. The APO also advises and provides direction to departments in the interpretation of administrative policies and procedures.

The Administrative Policy Office also manages a government-wide business planning and performance measurement initiative. All departments prepare annual business plans and are in the process of establishing systems to measure the performance of programs. As these measurement systems become operational, there will be greater opportunity to demonstrate the effectiveness of programs and services in realizing longer-term goals.

Co-ordination of Special Operating Agencies

The Special Operating Agencies Financing Authority Act received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and reduce the cost to government. The Co-ordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential SOA candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992-1993, Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. It now serves government's transportation needs with 20% fewer vehicles at a cost saving of $6 million annually. Building on this success, the complement of SOAs has reached seventeen, repres enting 5% of the civil service and $112 million in business for government. In 2000/2001, SOAs reported $26 million in annual cost-savings, representing a 21% efficiency gain for government.

Labour Relations

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides upon request labour relations services to crown corporations and government-funded agencies.

Results

In 2000/2001, the Government of Manitoba negotiated a renewal of The Government Employees Master Agreement (GEMA) with the Manitoba Government Employees Union (MGEU). The Agreement covering over 12,000 civil servants is of a three-year duration from March 25, 2000 to March 21, 2003.

The revised Agreement provides for wage increases of 2.3% in March of each year. The agreement provides for a new employer paid Prescription Drug Plan effective October 1, 2001. Improvements were also made to shift and weekend premiums, stand-by, remoteness allowance, meals and mileage expenses, the dental and vision care plans and severance payments on lay-off and retirement.

Executive and excluded employees were subject to the same wage and benefit improvements.

The Agreement between the Manitoba Association of Crown Attorneys was referred to interest arbitration. The decision of the arbitration board resulted in a three-year collective agreement from March 25, 2000 to March 21, 2003 with general wage increases of 2.3% in March of each year. Senior Attorneys at the LF3 and LF4 levels received special pay adjustments beyond the general pay increase.

The Organization of Professional Engineers Employed by the Province of Manitoba represented by the Professional Institute of the Public Service of Canada (PIPS) reached an agreement with the government after a series of work stoppages. The agreement provides for wages and benefits comparable to the rest of the civil service.

Negotiation Services continued to provide services related to the implementation and interpretation of the aforementioned collective agreements and providing advice to management on proposed management action. As part of this responsibility, the branch coordinates grievance and arbitration activities on behalf of government.

Compensation Services

Compensation Services is responsible for researching, developing, recommending, implementing and administering pay and benefit policies for the civil service. Services are provided to the Compensation Subcommittee of Treasury Board, Treasury Board, government negotiators, human resource practitioners and department managers. Service is also provided to external organizations that require advice, information or interpretation with respect to civil service compensation policies and practices.

Branch responsibilities include the development, operation, evaluation and enhancement of the government's classification system. This involves ensuring that the system is consistent with the overall compensation objectives for the civil service, meeting the operational needs of departments in a defensible manner. In addition to classifying non-delegated positions, activities also include; review and revision of existing classification series and development of new classification series and government wide policies/procedures; auditing and reporting of delegated departmental classification activities; and designing and conducting classification training. Branch responsibilities also include providing central administrative services for

government-wide employee benefit and insurance programs.

Results

Research support to the collective bargaining of various collective agreements re-negotiated in the civil service during 2000/2001 was provided including costing of bargaining demands and implementation of collective agreements.

Compensation and benefits information databases were maintained and expanded, and information exchanged with a variety of local and national employers. Local and national market compensation and benefit reviews were completed for several specific classifications.

Relevant sections of the Human Resource Principles and Policies manual were updated to reflect current compensation policy and practice within the organization.

Working jointly with Enterprise Systems Management (ESM), SAP system processes and reporting capabilities were improved.

Review and audit of the classification activities of a number of departments was completed, resulting in the renewal of classification delegation agreements with the affected departments.

Benefits Administration

This area is responsible for providing central administrative services for government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies. Negotiated benefits plans include the Ambulance & Hospital Semi-Private (AHSP), Dental, Vision and Long -Term Disability (LTD) plans. A new Prescription Drug Plan and enhancements to the Extended Health Benefits Plan will be implemented on October 1, 2001.

It manages the chargeback and recovery of Worker's Compensation costs from government departments and agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education. The branch also manages and co-ordinates the budgeting and financial reporting activities related to Employee Pensions and Other Costs.

Results

During 2000/2001, approximately 96 new applications for LTD benefits were received, a 10% decrease from **1999/2000**. As of March 31, 2001, 58 new claims were approved and the remaining carryover from previous years' claims was 227 recipients. In total, 285 employees were in receipt of LTD benefits, an increase of 8% over the previous fiscal year. The branch continues to provide administration and claims monitoring for the Red River College, Assiniboine Community College and Keewatin Community College, as well as the Regional Health Authorities, related to continuation of LTD programs for former civil servants. Program costs for the colleges and Regional Health Authorities are charged back directly to those organizations. Rehabilitation strategies are continuing to challenge departments to accommodate disabled employees, as well as recognize the value of employees' contributions, during recovery phases of their illnesses/injuries. These strategies typically require a co-operative approach among departments and other agencies such as Canada Pension Plan Vocational Rehab, Civil Service Superannuation Board, Workers' Compensation Board and Manitoba Public Insurance Corporation.

Health Benefit Plan descriptions and eligibility information has been made available on the Province of Manitoba Intranet.

Support and assistance were provided to employees, departments and other government jurisdictions on a

variety of benefit and insurance topics including reciprocal transfer of benefit agreements, previous government service, and interpretation of collective agreement benefit provisions.

The branch provided financial reporting relating to Employee Pensions and Other Costs as requested.

7 Treasury Board Secretariat

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	3,793.2	65.00	3,972.8	(179.6)	
Other Expenditures	869.9		921.1	(51.2)	
Total Sub-Appropriation	**4,663.1**	**65.00**	**4,893.9**	**(230.8)**	

OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology (OIT) is responsible for overseeing the strategic use of information technology resources for the Government of Manitoba with a goal of improved operations and better service delivery for the citizens of Manitoba.

Additional resources were provided in the 2000 Budget in recognition of the continuing activities and increasing scope of government information technology requirements. To carryout its mandate, OIT resources were realigned at the start of the year into the following four program areas:

- Management Support
- Enterprise Technologies
  - Information Protection Centre
  - ManWeb
- Strategic Planning and eGovernment
- Business Planning and Analysis

OIT Responsibilities:

- Provide strategic information technology direction to government.
- Provide input to the policies, which support the use of information technology.
- Define the information technology architecture for government.
- Develop technology standards for government.
- Ensure the security of government systems, confidential information and electronic transactions, including operation of the Information Protection Centre.
- Design and monitor the common, standardized and corporate information technology infrastructure.
- Provide oversight of all information technology development in government by reviewing all IT plans for government departments and government-wide information technology initiatives.
- Co-ordinate the development and ongoing operation of cross-departmental initiatives.
- Provide assistance to recruit, retain and develop human resources with information technology expertise.
- Provide contract negotiation and contract management support.
- Support the government's intranet and internet web services through operation of the government's ManWeb office.

Management Support

Management Support provides financial management and administrative support to the Chief Information Officer (CIO) and branch management.

Enterprise Technologies

This program area is responsible for the management and operation of the Information Protection Centre (IPC) and ManWeb programs.

a) Information Protection Centre

The IPC is responsible for maintaining the standards and infrastructure required for a reliable security posture for the province's information technology related systems. During 2000/2001:

- security of government systems, confidential information and electronic transactions was protected;
- the second generation of information technology architecture standards for government was initiated; and
- viruses were successfully prevented from entering the managed environment, therefore, very little cost disruption was encountered from outside threats.

b) ManWeb

Responsible for the management of the province's presence on the World Wide Web and enables use of the intranet for civil servants. During 2000/2001:

- the Province of Manitoba's presence on the World Wide Web was maintained;
- Manitoba worked with departments to ensure that departmental web sites, both new and existing, complied with standards set for provincial sites; and
- a project was initiated to improve the reliability of the web servers.

Strategic Planning and eGovernment

Strategic Planning and eGovernment is responsible for establishing the high level priorities and plans for the overall government strategy for information technology investment, as well as for identifying opportunities to align technology resources to meet government goals. During 2000/2001:

- strategic information technology direction was updated and revised as needs and priorities were identified;
- the application of the strategy was coordinated with individual departments' information technology communities; and
- worked commenced on an eGovernment Report Card.

Business Planning, Analysis and Support

The Business Planning, Analysis and Support program provides assistance to individual government departments in the development of information technology strategies and plans that support the program goals of the department as well as the government's information technology framework and goals. This program area also provides a co-ordinating role in the recruitment and retention of staff resources with information technology expertise.

Better Systems Initiative (BSI)

The Better Systems Initiative (BSI) is one of several information technology initiatives within the Province's strategic plan to improve government's ability to deliver better service. Specifically, BSI's focus is eGovernment. The long-term vision is to provide the public with multi-channel access to services and information while presenting government with a consolidated view of the businesses and citizens it serves.

Work began on designing systems in 1998/1999 and as reported in last year's report, the Land Titles Survey Index Application (http://direct.gov.mb.ca/bsi/swi/to.htm) was released in 1999/2000. This fiscal year a number of successful system implementations have occurred including:

1. Labour Information Network (LINK) (a Business Inspections application)
2. On-line Human Services and Business Services Guides (http://www.gov.mb.ca/hsg) and (http://www.gov.mb.ca/bsg)
3. Education & Training Services (ETS) Financial/Case Management Application (http://direct.internal/servlet/ca.mb.gov.swi.servlets
4. Personal Property Registry Application (http://direct.gov.mb.ca/bsi/swi/ppr.htm)
5. Student Financial Assistance on-line loan application and assessment (http://www.studentaid.gov.mb.ca)
6. Daycare Subsidy Eligibility Estimator and on-line application (http://www.gov.mb.ca/see) and (http://www.gov.mb.ca/childcare)
7. and the establishment of a French Language Services Test Lab.

The applications that have been deployed have demonstrated improved service delivery to citizens through the provision of a combination of:

- On-line self service to citizens
- Extended hours (24 hours a day, seven days a week)
- French language services, and
- More equitable access to information and services province-wide.

8 Office of InformationTechnology

Expenditures by Sub-Appropriation	Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,858.1	29.00	1,913.1	(55.0)	
Other Expenditures	2,408.9		3,003.7	(594.8)	*1*
Less: Recoverable from Other Appropriations	(8.2)		(120.0)	111.8	*2*
Total Sub-Appropriation	**4,258.8**	**29.00**	**4,796.8**	**(538.0)**	

1. *Under expenditure is due to reduction in computer hardware and software requirements, travel and accommodation costs, and reduced legal and consulting costs.*
2. *Under recovery is due to a reduction in recoverable costs applicable to other departments.*

Capital Investment

Capital investment is provided in the Estimates of Expenditure under Part B. For the year ended March 31, 2001, the department's capital authority provided for the purchase of hardware for ManWeb and for the completion of a Document Management System pilot. Support for internal reform initiatives involving the use of information technology in the delivery of government's services, including the Better Systems Initiative, are reported separately.

Part B Capital Investment

Expenditures by Sub-Appropriation		Actual 2000-2001 $(000s)	Estimate 2000-2001 FTEs	Estimate 2000-2001 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
B.5	Finance					
	Better Methods Initiative	7,257.3		8,000.0	(742.7)	
	Document Management Pilot	-		186.0	(186.0)	
	Equipment Acquisition	-		100.0	(100.0)	
	Total Sub-Appropriation	**7,257.3**		**8,286.0**	**(1,028.7)**	

Department of Finance
Reconciliation Statement
Part A – Operating Expenditure

$(000s)

Details	2000-2001 Estimate
2000-2001 Main Estimates	$577,391.5
Allocation of Funds from:	
Canada-Manitoba Enabling Vote	675.0
Internal Reform, Workforce Adjustment and General Salary Increases	36.9
2000-2001 Estimate	**$578,103.4**

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2001 with comparative figures for the previous fiscal year ($000s)

Estimate 2000-2001		Appropriation	Actual 2000-2001	Actual 1999-2000	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
27.3	(a)	Minister's Salary	27.1	27.0	0.1	
	(b)	Executive Support				
394.1		Salaries and Employee Benefits	383.9	411.8	(27.9)	
87.2		Other Expenditures	94.7	85.6	9.1	
	(c)	Management Services				
482.7		Salaries and Employee Benefits	439.2	450.4	(11.2)	
73.4		Other Expenditures	56.2	58.4	(2.2)	
20.0	(d)	Tax Appeal Commission	14.1	15.4	(1.3)	
	(e)	French Language Services Secretariat				
415.3		Salaries and Employee Benefits	429.4	221.7	207.7	1
464.8		Other Expenditures	356.4	359.5	(3.1)	
	(f)	Lower Tax Commission		175.4	(175.4)	2
1,964.8		Subtotal 07- 1	1,801.0	1,805.2	(4.2)	
	07- 2	TREASURY				
	(a)	Administration				
133.3		Salaries and Employee Benefits	124.1	168.2	(44.1)	3
118.1		Other Expenditures	104.0	76.0	28.0	
	(b)	Capital Finance				
295.6		Salaries and Employee Benefits	258.3	287.8	(29.5)	
37.3		Other Expenditures	35.0	36.2	(1.2)	
	(c)	Money Management and Banking				
413.2		Salaries and Employee Benefits	385.1	365.3	19.8	
258.9		Other Expenditures	255.7	248.9	6.8	
	(d)	Treasury Services				
503.5		Salaries and Employee Benefits	491.5	489.6	1.9	
48.3		Other Expenditures	51.7	45.6	6.1	
1,808.2		Subtotal 07- 2	1,705.4	1,717.6	(12.2)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2001 with comparative figures for the previous fiscal year ($000s)

Estimate 2000-2001		Appropriation	Actual 2000-2001	Actual 1999-2000	Increase (Decrease)	Explanation Number
	07- 3	COMPTROLLER				
	(a)	Comptroller's Office				
124.9		Salaries and Employee Benefits	127.7	257.1	(129.4)	4
17.9		Other Expenditures	78.5	534.6	(456.1)	5
	(b)	Information Technology Services				
836.9		Salaries and Employee Benefits	677.1	350.8	326.3	6
98.9		Other Expenditures	90.1	124.0	(33.9)	
	(c)	Disbursements and Accounting				
1,958.8		Salaries and Employee Benefits	1,897.4	2,002.8	(105.4)	
851.5		Other Expenditures	1,139.8	1,070.6	69.2	
(325.9)		Less: Recoverable from Other Appropriations	(314.5)	(339.1)	24.6	
	(d)	Legislative Building Information Systems				
706.3		Salaries and Employee Benefits	706.3	626.1	80.2	
319.4		Other Expenditures	319.3	289.8	29.5	
	(e)	Internal Audit and Consulting Services				
1,858.4		Salaries and Employee Benefits	1,498.8	1,626.9	(128.1)	
241.2		Other Expenditures	209.0	205.2	3.8	
8,500.0	(f)	Enterprise System Management	7,748.0	4,031.1	3,716.9	7
15,188.3		Subtotal 07- 3	14,177.5	10,779.9	3,397.6	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2001 with comparative figures for the previous fiscal year ($000s)

Estimate 2000-2001		Appropriation	Actual 2000-2001	Actual 1999-2000	Increase (Decrease)	Explanation Number
	07- 4	TAXATION				
	(a)	Management and Research				
1,038.7		Salaries and Employee Benefits	950.2	986.5	(36.3)	
168.0		Other Expenditures	164.9	175.3	(10.4)	
	(b)	Taxation Administration				
2,858.3		Salaries and Employee Benefits	2,916.9	2,534.0	382.9	8
4,174.3		Other Expenditures	4,281.3	13,873.3	(9,592.0)	9
	(c)	Audit				
5,208.9		Salaries and Employee Benefits	4,826.4	4,889.5	(63.1)	
999.9		Other Expenditures	1,097.4	1,009.7	87.7	
	(d)	Tobacco Interdiction				
578.5		Salaries and Employee Benefits	420.9	402.4	18.5	
253.4		Other Expenditures	237.5	252.8	(15.3)	
15,280.0		Subtotal 07- 4	14,895.5	24,123.5	(9,228.0)	
	07- 5	FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a)	Economic and Federal Provincial Research				
1,324.0		Salaries and Employee Benefits	1,235.1	1,103.1	132.0	
440.4		Other Expenditures	652.9	474.3	178.6	10
	(b)	Manitoba Tax Assistance Office				
317.2		Salaries and Employee Benefits	263.0	205.3	57.7	
76.2		Other Expenditures	67.0	63.1	3.9	
2,157.8		Subtotal 07- 5	2,218.0	1,845.8	372.2	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2001 with comparative figures for the previous fiscal year ($000s)

Estimate 2000-2001		Appropriation	Actual 2000-2001	Actual 1999-2000	Increase (Decrease)	Explanation Number
	07- 6	INSURANCE AND RISK MANAGEMENT				
295.0	(a)	Salaries and Employee Benefits	299.3	278.5	20.8	
60.3	(b)	Other Expenditures	50.3	50.3		
1,385.0	(c)	Insurance Premiums	1,259.9	1,160.1	99.8	
(1,385.0)	(d)	Less: Recoverable from Other Appropriations	(1,259.9)	(1,160.1)	(99.8)	
355.3		Subtotal 07- 6	349.6	328.8	20.8	
	07- 7	TREASURY BOARD SECRETARIAT				
3,972.8	(a)	Salaries and Employee Benefits	3,793.2	3,509.6	283.6	
921.1	(b)	Other Expenditures	869.9	757.1	112.8	
4,893.9		Subtotal 07- 7	4,663.1	4,266.7	396.4	
	07- 8	OFFICE OF INFORMATION TECHNOLOGY				
1,913.1	(a)	Salaries and Employee Benefits	1,858.1	1,490.4	367.7	11
3,003.7	(b)	Other Expenditures	2,408.9	2,569.3	(160.4)	
(120.0)	(c)	Less: Recoverable from Other Appropriations	(8.2)	(47.0)	38.8	
4,796.8		Subtotal 07- 8	4,258.8	4,012.7	246.1	
	07- 9	AMORTIZATION OF CAPITAL ASSETS				
	(a)	Enterprise System (Better Methods)				
3,527.6		Amortization Expense	3,444.5	1,721.2	1,723.3	12
(3,527.6)		Less: Recoverable from Other Appropriations	(3,444.5)	(1,721.2)	(1,723.3)	
1,313.3	(b)	Amortization Expense	1,122.5	758.5	364.0	13
1,313.3		Subtotal 07- 9	1,122.5	758.5	364.0	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2001 with comparative figures for the previous fiscal year ($000s)

Estimate 2000-2001		Appropriation	Actual 2000-2001	Actual 1999-2000	Increase (Decrease)	Explanation Number
	07-10	NET TAX CREDIT PAYMENTS				
146,470.0		Manitoba Property Tax Credit	151,249.6	117,151.3	34,098.3	
54,350.0		Cost of Living Tax Credit	49,652.4	54,745.3	(5,092.9)	
14,350.0		Learning Tax Credit	12,272.7	12,165.4	107.3	
4,040.0		Pensioners' School Tax Assistance	3,458.8	3,852.4	(393.6)	
640.0		Political Contribution Tax Credit	612.5	1,139.5	(527.0)	
880.0		Federal Administration Fee	856.3	836.4	19.9	
	(g)	Less: Recoverable from Education and Training				
(146,470.0)		Manitoba Property Tax Credit	(151,249.6)	(117,151.3)	(34,098.3)	
(4,040.0)		Pensioners' School Tax Assistance	(3,458.8)	(3,852.4)	393.6	
(14,350.0)		Learning Tax Credit	(12,272.7)	(12,165.4)	(107.3)	
55,870.0		Subtotal 07-10	51,121.2	56,721.2	(5,600.0)	14
	07-11	PUBLIC DEBT				
	(a)	Interest on:				
1,394,575.6		the Public Debt of Manitoba and related expenses	1,661,933.1	1,461,629.1	200,304.0	
51,858.0		Trust and Special Funds	68,932.9	55,825.6	13,107.3	
	(b)	Less: Interest and Other Charges received from:				
(334,200.0)		Sinking Fund Investments	(360,558.9)	(343,756.3)	(16,802.6)	
(498,231.4)		Manitoba Hydro	(688,150.6)	(569,388.4)	(118,762.2)	
(37,143.2)		Manitoba Housing and Renewal Corporation	(35,521.2)	(36,721.8)	1,200.6	
(20,945.5)		Manitoba Agricultural Credit Corporation	(19,992.6)	(19,032.2)	(960.4)	
(11,789.8)		Other Government Agencies	(11,283.7)	(13,290.8)	2,007.1	
(69,648.7)		Other Loans and Investments	(104,636.3)	(69,943.2)	(34,693.1)	
474,475.0		Subtotal 07-11	510,722.7	465,322.0	45,400.7	15
578,103.4		Total Expenditures	607,035.3	571,681.9	35,353.4	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2001 as compared to figures for the previous fiscal year

Explanation Number:

1. Increase is due to the costs of the Project Manager and FLS Facilitators team associated with the implementation of the Chartier Report recommendations, including the establishment of bilingual government service centres.
2. Decrease reflects the completion of the activities of the Lower Tax Commission in 1999/2000
3. Decrease reflects the retirement and severance costs associated with the retirement of the previous Assistant Deputy Minister in 1999/2000.
4. Decrease reflects the retirement and severance costs associated with the retirement of the previous Comptroller in 1999/2000.
5. Decrease reflects the costs associated with the Financial Review Steering Committee and completion of its activities in 1999/2000.
6. Increase is due to reduced position vacancies and staff completing their secondment to the Enterprise System Management and Better Systems initiatives.
7. Increase reflects the full year of operating costs related to the implementation of the government's corporate financial and human resource computerized system in 1999/2000.
8. Increase essentially reflects the additional clerical support costs and general salary increase as well as the realignment of the Field Services unit from Audit.
9. Decrease reflects the additional provision in 1999/2000 for specified major accounts deemed to be uncollectible.
10. Increase is due to the additional costs associated with the 2000 Provincial Budget and 2001 Provincial Budget.
11. Increase is due to the additional positions associated with the continuing activities and increasing scope of the Office of Information Technology in its program delivery and implementation of technology initiatives.
12. Increase is due to the full year amortization costs of the government's corporate financial and human resource computerized system.
13. Increase is due to the full year amortization costs of assets acquired in prior years and amortization of current year acquisitions.
14. Net decrease is due to higher income offsets as taxpayers' incomes rise, continued recoveries through the income tax system and reduction in political contributions tax credits attributable to the 1999 election year. Increase in the Manitoba Property Tax Credit is due to the impact of the increase in the maximum and minimum Manitoba Property Tax Credits for 2000 and 2001.
15. Increase is due foreign exchange rates (U.S. dollar), offset by a decrease in costs related to interest rates and increase in recovery of interest payments from various agencies.

Manitoba Finance

Revenue Summary

for the fiscal year ended March 31, 2001 with comparative figures for the previous fiscal year ($000s)

Actual 1999-2000	Actual 2000-2001	Increase (Decrease)		Source	Actual 2000-2001	Estimate 2000-2001	Variance	Expl. No.
				CURRENT OPERATING PROGRAMS				
				TAXATION				
306,819.4	444,127.5	137,308.1	a.1	Corporation Income Tax	444,127.5	333,000.0	111,127.5	1
1,611,231.5	1,756,646.5	145,415.0	a.2	Individual Income Tax	1,756,646.5	1,685,800.0	70,846.5	2
134,544.3	124,182.5	(10,361.8)	b	Corporation Capital Tax	124,182.5	140,000.0	(15,817.5)	3
154,373.4	156,877.1	2,503.7	c	Gasoline Tax	156,877.1	157,000.0	(122.9)	4
225,255.0	238,785.3	13,530.3	d	Levy for Health and Education	238,785.3	228,000.0	10,785.3	5
39.7	39.7	0.0	e	Succession Duty and Gift Tax	39.7	40.0	(0.3)	
71.1	71.0	(0.1)	f	Mining Claim Lease Tax	71.0	72.0	(1.0)	
7,262.1	45,443.1	38,181.0	g	Mining Tax	45,443.1	68,000.0	(22,556.9)	6
64,060.0	66,670.5	2,610.5	h	Motive Fuel Tax	66,670.5	67,000.0	(329.5)	7
917,666.5	932,782.9	15,116.4	i	Retail Sales Tax	932,782.9	950,700.0	(17,917.1)	8
56,955.7	67,981.0	11,025.3	j	Revenue Act, 1964, Part 1	67,981.0	56,300.0	11,681.0	9
112,531.5	121,478.6	8,947.1	k	Tobacco Tax	121,478.6	124,500.0	(3,021.4)	10
3,349.3	3,036.9	(312.4)	l	Environmental Protection Tax	3,036.9	3,000.0	36.9	
3,594,159.5	3,958,122.6	363,963.1		Subtotal	3,958,122.6	3,813,412.0	144,710.6	
				GOVERNMENT OF CANADA				
1,271,747.0	1,339,236.0	67,489.0	a	Equalization	1,339,236.0	1,171,100.0	168,136.0	11
509,247.0	545,810.0	36,563.0	b	Canada Health and Social Transfer (CHST)	545,810.0	539,900.0	5,910.0	12
130,594.8	92,207.0	(38,387.8)	c	Federal Health/CHST Supplement	92,207.0	92,200.0	7.0	13
2,247.7	2,247.7	0.0	d	Government of Canada Subsidy	2,247.7	2,200.0	47.7	
1,913,836.5	1,979,500.7	65,664.2		Subtotal	1,979,500.7	1,805,400.0	174,100.7	
				OTHER REVENUE				
2,289.6	5,098.2	2,808.6	a	Refund of Prior Years' Expenditures	5,098.2	1,500.0	3,598.2	14
209.7	3,001.6	2,791.9	b	Sundry	3,001.6	946.4	2,055.2	15
2,499.3	8,099.8	5,600.5		Subtotal	8,099.8	2,446.4	5,653.4	
5,510,495.3	5,945,723.1	435,227.8		Total Current Operating Programs	5,945,723.1	5,621,258.4	324,464.7	

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2001

EXPLANATION NUMBER:

1. **Corporation Income Tax**: $137,308.1 over 1999/2000 Actual
   $111,127.5 over 2000/2001 Estimate

   Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   The increase from 1999/2000 is due to corporate taxable income growth.

2. **Individual Income Tax:** $145,415.0 over 1999/2000 Actual
   $70,846.5 over 2000/2001 Estimate

   Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   The increase from 1999/2000 and from 2000/2001 estimate is due to an increase in in-year entitlements as well as positive prior year adjustments.

3. **Corporation Capital Tax**: $10,361.8 under 1999/2000 Actual
   $15,817.5 under 2000/2001 Estimate

   Decrease reflects expectations of lower taxable capital of many large remitters based on their prior year tax return.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2001

EXPLANATION NUMBER:

4. **Gasoline Tax**: $2,503.7 over 1999/2000 Actual

Increase is due to growth in consumption of on-road gasoline sales.

5. **Levy for Health and Education**: $13,530.3 over 1999/2000 Actual
$10,785.3 over 2000/2001 Estimate

Increase is due to strong job growth particularly in the manufacturing and services sector as well as a notable impact of the Federal Pay Equity payments in 2000.

6. **Mining Tax:** $38,181.0 over 1999/2000 Actual
$22,556.9 under 2000/2001 Estimate

Increase over 1999/2000 is due to an increase in world metal prices as well as the settlement of a tax appeal in 2000/2001.

Decrease from the 2000/2001 estimate is due to base metal prices falling more quickly than anticipated.

7. **Motive Fuel Tax**: $2,610.5 over 1999/2000 Actual

Increase is due to growth in consumption of on-road diesel resulting from growth in the trucking industry.

8. **Retail Sales Tax**: $15,116.4 over 1999/2000 Actual
$17,917.1 under 2000/2001 Estimate

Increase from 1999/2000 reflects improvements primarily in wholesale and retail trade.

Decrease from the 2000/2001 estimate reflects a decline in the manufacturing and construction sectors.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2001

EXPLANATION NUMBER:

9. **Revenue Act, 1964, Part1**: $11,025.3 over 1999/2000 Actual
$11,681.0 over 2000/2001 Estimate

Increase is due to larger consumption of natural gas due to a cold fall/winter and increases in the price of natural gas.

10. **Tobacco Tax:** $8,947.1 over 1999/2000 Actual
$3,021.4 under 2000/2001 Estimate

Increase from 1999/2000 reflects the impact of the higher tax rates offset in part by a decline in consumption, the latter resulting in the decrease from the 2000/2001 estimate.

11. **Equalization:** $67,489.0 over 1999/2000 Actual
$168,136.0 over 2000/2001 Estimate

Equalization revenue is based on in-year entitlements combined with adjustments to entitlements for prior entitlement years.

A significant portion of the increase relates to adjustments for prior years and the positive impact ($76 million) of the Federal government's decision to lift the ceiling on equalization for 1999/2000.

12. **Canada Health and Social Transfer:** $36,563.0 over 1999/2000 Actual

Increase is due to the implementation of the Federal CHST package.

13. **Federal Health/CHST Supplement:** $38,387.8 under 1999/2000 Actual

Decrease is due to the implementation of the Federal CHST package and concurrent reduction in the transfer under the Federal Health Supplement.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2001

EXPLANATION NUMBER:

14. **Refund of Prior Years' Expenditures:** $2,808.6 over 1999/2000 Actual
$3,598.2 over 2000/2001 Estimate

Increase is essentially due to recovery of 1997 Flood expenditures and recovery adjustment for Smart Health.

15. **Sundry:** $2,791.9 over 1999/2000 Actual
$2,055.2 over 2000/2001 Estimate

Increase is essentially due to recovery of surplus funds advanced to the Pan Am Games and repayment of amounts owing by Special Operating Agencies.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 1997 to March 31, 2001 *

Main Appropriation		1996-1997 FTEs	1996-1997 $000s	1997-1998 FTEs	1997-1998 $000s	1998-1999 FTEs	1998-1999 $000s	1999-2000 FTEs	1999-2000 $000s	2000-2001 FTEs	2000-2001 $000s
07-1	Administration and Finance	21.00	1,165.0	21.00	1,209.8	21.00	1,206.1	24.00	1,805.2	28.00	1,801.0
07-2	Treasury	26.00	1 573.8	26.00	1,683.5	26.00	1,641.9	25.00	1,717.6	25.00	1,705.4
07-3	Comptroller	112.50	6,531.1	111.50	6,037.2	111.50	5,912.2	102.25	10,779.9	103.25	14,177.5
07-4	Taxation	184.42	12,832.7	185.42	13,932.9	188.92	14,444.7	192.92	24,123.5	193.92	14,895.5
07-5	Federal-Provincial Relations and Research	26.25	1,578.6	25.25	1,639.6	26.25	1,770.1	26.25	1,845.8	27.75	2,218.0
07-6	Insurance and Risk Management	4.00	218.9	4.19	254.7	4.00	260.8	5.29	328.8	5.29	349.6
07-7	Treasury Board Secretariat	70.00	4,260.0	65.00	4,223.7	65.00	4,139.0	65.00	4,266.7	65.00	4,663.1
07-8	Office of Information Technology			5.00	118.8	12.00	2,226.5	24.00	4,012.7	29.00	4,258.8
07-9	Amortization of Capital Assets								758.5		1,122.5
Total Departmental Operating Appropriations		444.17	28,160.1	443.36	29,100.2	454.67	31,601.3	464.71	49,638.7	477.21	45,191.4
07-10	Net Tax Credit Payments		59,075.3		57,600.0		57,090.0		56,721.2		51,121.2
07-11	Public Debt (Statutory)		539,137.4		520,120.2		515,365.6		465,322.0		510,722.7
	Legislative Building Information System		29.8		101.7						
	Integrated Management Information		1,215.7		797.1						
Total Appropriations		444.17	627,618.3	443.36	607,719.2	454.67	604,056.9	464.71	571,681.9	477.21	607,035.3

* Adjusted expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfer of the French Language Services Secretariat from Highways and Government Services to the Administration and Finance Division, ii) the transfer of the Education Property Tax support to Education and Training, and iii) the transfer of Labour Relations from the Civil Service Commission to Treasury Board Secretariat.